

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Raber Township	County Chippewa
Fiscal Year End 03/31/08	Opinion Date 07/22/08	Date Audit Report Submitted to State September 24, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman & Company, PLC		Telephone Number 906-495-5952	
Street Address 16978 S. Riley Avenue		City Kincheloe	State MI
Zip 49788			
Authorizing CPA Signature 	Printed Name Sue A. Bowlby, CPA	License Number 1101020765	

Raber Township, Michigan

BASIC FINANCIAL STATEMENTS

March 31, 2008

RABER TOWNSHIP, MICHIGAN

ELECTED OFFICIALS

TOWNSHIP SUPERVISOR

JAMES TRAYNOR

TOWNSHIP TREASURER

SHERRY POSTULA

TOWNSHIP CLERK

MARILYN MROZEK

TOWNSHIP TRUSTEE

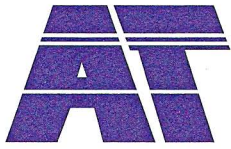
LINDA JOHNSON

TOWNSHIP TRUSTEE

CYNTHIA CRISP

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

PHILLIP J. WOLF, CPA, PRINCIPAL
SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Raber Township, Michigan
Goetzville, Michigan 49736

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Raber Township, Michigan as of and for the year ended March 31, 2008, which collectively comprises the Township's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Raber Township, as of March 31, 2008, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Members of the Board
Raber Township, Michigan

The Management's Discussion and Analysis on page 3 and the budgetary comparisons are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Anderson, Tackman & Company, PLC
Certified Public Accountants

July 22, 2008

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

In a condensed format, the table below shows the net assets of Raber Township. A comparative analysis will not be performed as the township has a population of less than 4,000, which requires an audit every other year.

	Governmental Activities 2008
Current Other Assets	\$ 336,700
Capital Assets	<u>87,088</u>
Total Assets	<u>\$ 423,788</u>
Current Liabilities	<u>\$ 1,412</u>
Net Assets:	
Invested in Capital Assets	87,088
Unrestricted	<u>335,288</u>
Total Net Assets	<u>\$ 422,376</u>

The current level of unrestricted net assets for our governmental activities stands at \$335,288, or about 208% of expenses. This is within the targeted range set by the Township Board of Trustees during its last budget process.

The following table shows the activities of the Township.

	<u>Governmental Activities 2008</u>
Program Revenues	
Charges for Services	\$ 8,915
General Revenues	
Property Taxes	172,268
State-Shared Revenues	48,984
Unrestricted Investment Earnings	11,806
Other Revenue	<u>3,999</u>
Total Revenues	<u>245,972</u>
Program Expenses	
General Government	110,186
Public Safety	16,112
Public Works	30,000
Depreciation Expense (Unallocated)	<u>4,374</u>
Total Expenses	<u>160,672</u>
Changes in Net Assets	85,300
Net Assets, beginning	<u>337,076</u>
Net Assets, ending	<u>\$ 422,376</u>

Governmental Activities

The Township's total governmental revenues increased by approximately \$21,960, primarily due to the continuing increase in property tax values and decreased State revenues.

Expenses, excluding depreciation decreased by about \$22,836 during the year. This was primarily the result of close budget monitoring throughout the year.

The Township's Funds

Our analysis of the Township's major funds begins on page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2008 include the General Fund, Road millage and Fire millage.

The General Fund pays for most of the Township's governmental services. The most significant major funds are public works and public safety, which incurred expenses of approximately \$46,112 in 2008. These two services are largely supported by special millages which are recorded in the Road millage funds. These funds record the receipts from the special millage.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. Township departments overall stayed below budget, resulting in total expenditures \$22,836 below budget. This allowed the General Fund's fund balance to increase from \$171,353 a year ago to \$178,543 at March 31, 2008.

Capital Asset and Debt Administration

At the end of 2008, the Township had \$87,088 invested in a broad range of capital assets, including buildings, ambulance and fire equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Chippewa County Road Commission (along with the responsibility to maintain them).

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2009 calls for a freeze on property tax rates. This can be accomplished because of the strong growth in our tax base. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions. Also, reductions in State Revenue sharing continues to hurt the township.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Supervisor's office at: 906-297-3805.

Basic Financial Statements

Raber Township, Michigan

Statement of Net Assets March 31, 2008

	Governmental Activities
ASSETS:	
Current Assets	
Cash & Equivalents - Unrestricted	\$ 329,063
Accounts Receivable	7,483
Prepays	154
	<hr/>
TOTAL CURRENT ASSETS	336,700
	<hr/>
Noncurrent Assets	
Capital Assets (Net of Accumulated Depreciation)	87,088
	<hr/>
TOTAL ASSETS	\$ 423,788
	<hr/> <hr/>
LIABILITIES:	
Current Liabilities	
Accounts Payable	\$ 1,412
	<hr/>
TOTAL LIABILITIES	1,412
	<hr/>
NET ASSETS:	
Invested in Capital Assets	87,088
Unrestricted	335,288
	<hr/>
TOTAL NET ASSETS	\$ 422,376
	<hr/> <hr/>

Statement of Activities
For the Year Ended March 31, 2008

Functions/Programs	Expenses	Program Revenues	Governmental Activities
		Charges for Services	Net (Expense) Revenue and Changes in Net Assets
Governmental Activities:			
General Government	\$ 110,186	\$ 7,630	\$ (102,556)
Public Safety	16,112	285	(15,827)
Public Works	30,000	1,000	(29,000)
Depreciation Expense (unallocated)	4,374	-	(4,374)
Total Governmental Activities	<u>\$ 160,672</u>	<u>\$ 8,915</u>	(151,757)
General Revenues:			
Taxes			172,268
State Revenue Sharing			48,984
Local - General			11,806
Interest Income			<u>3,999</u>
Total General Revenues			<u>237,057</u>
Changes in Net Assets			85,300
Net Assets - Beginning			<u>337,076</u>
Net Assets - Ending			<u><u>\$ 422,376</u></u>

Raber Township, Michigan

Balance Sheet Governmental Funds March 31, 2008

	General Fund	Road Fund	Fire Fund	Nonmajor Fund Cemetery Fund	Total Governmental Funds
ASSETS:					
Cash & Equivalents	\$ 172,318	\$ 63,822	\$ 91,259	\$ 1,664	\$ 329,063
Accounts Receivable	7,483	-	-	-	7,483
Prepays	154	-	-	-	154
TOTAL ASSETS	\$ 179,955	\$ 63,822	\$ 91,259	\$ 1,664	\$ 336,700
LIABILITIES:					
Accounts Payable	\$ 1,411	\$ -	\$ -	\$ -	\$ 1,411
Due to Other Funds	1	-	-	-	1
TOTAL LIABILITIES	1,412	-	-	-	1,412
FUND BALANCES:					
Unreserved:					
Undesignated	178,543	63,822	91,259	1,664	335,288
TOTAL FUND BALANCES	178,543	63,822	91,259	1,664	335,288
TOTAL LIABILITIES AND FUND BALANCES	\$ 179,955	\$ 63,822	\$ 91,259	\$ 1,664	

Reconciliation to amounts reported for governmental activities in the statement of net assets:

Capital assets used by governmental activities are not financial resources and therefore not reported in the funds.	87,088
Net assets of governmental activities	\$ 422,376

Raber Township, Michigan**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
For the Year Ended March 31, 2008**

	General Fund	Road Fund	Fire Fund	Nonmajor Fund Cemetery Fund	Totals Governmental Funds
REVENUES:					
Taxes	\$ 77,525	\$ 63,801	\$ 30,892	\$ 50	\$ 172,268
State Sources	46,379	2,605	-	-	48,984
Charges for Services	7,630	1,000	285	-	8,915
Interest	3,535	-	464	-	3,999
Other Revenue	4,626	-	7,180	-	11,806
TOTAL REVENUES	139,695	67,406	38,821	50	245,972
EXPENDITURES:					
General Government	110,186	-	-	-	110,186
Public Safety	-	-	16,112	-	16,112
Public Works	-	30,000	-	-	30,000
Capital Outlay	22,319	-	6,450	-	28,769
TOTAL EXPENDITURES	132,505	30,000	22,562	-	185,067
Excess of Revenues over (under) Expenditures	7,190	37,406	16,259	50	60,905
FUND BALANCES, April 1	171,353	26,416	75,000	1,614	274,383
FUND BALANCES, March 31	\$ 178,543	\$ 63,822	\$ 91,259	\$ 1,664	\$ 335,288

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended March 31, 2008**

Net changes in fund balances – total governmental funds	\$ 60,905
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The change in net assets reported for governmental activities in the Statement of Activities is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense.

24,395

Changes in net assets of governmental funds

\$ 85,300

**Statement of Fiduciary Net Assets
Fiduciary Funds
March 31, 2008**

	<u>Current Tax Collection Fund</u>
ASSETS:	
Cash and Equivalents	<u>\$ 1</u>
 TOTAL ASSETS	 <u><u>\$ 1</u></u>
LIABILITIES:	
Due to Other Funds	<u>\$ 1</u>
 TOTAL LIABILITIES	 <u><u>\$ 1</u></u>

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Raber Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the Township:

A – Financial Reporting Entity:

Raber Township ("The Township") is a regular law Michigan township located in the eastern portion of Michigan's Upper Peninsula.

The Township operates under an elected Board of Trustees and provides services to its residents in many areas including fire protection, community enrichment and development.

The Township, for financial purposes, includes all of the funds and account groups relevant to the operations of Raber Township. The financial statements herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from Raber Township.

B – Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first.

C – Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable – Current or Property Taxes

The Raber Township property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township of Raber as of the preceding December 31st.

The December 1, 2007 taxable valuation of Raber Township totaled \$29,933,500, on which ad valorem taxes levied consisted of 1.5103 mills for the Township operating. This amount is recognized in the General Fund financial statements as tax revenue.

In addition to collecting their taxes, the Township also acts as a collection agent for all overlapping governments in the Township. The Township's portion of the tax is collected between December 1 and February 28. Unpaid taxes are subsequently turned over to the County Treasurer for collection. The County maintains a tax revolving fund which permits the County to pay the Township 100% of the delinquent real taxes within approximately two to three months after the delivery of the delinquent bills.

The Township reports the following major governmental funds:

General Fund

This is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road Fund

This fund accounts for road improvements to residence of Raber Township.

Fire Fund

This fund accounts for fire services to residence of Raber Township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the Township reports the following fund types:

Agency Funds

Agency Funds are used to account for assets held by the Township as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

D - Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from all funds and is allocated to each fund based on average cash balance. Deposits are recorded at cost.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.”

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

Building and Improvements	15-39 years
Equipment and Furniture	3-10 years

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Fund Balance – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Interfund Transfers – During the course of normal operations, the Township has numerous transactions between funds, including expenditures and transfers of resources to provide services. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by Township management.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Control – The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Each March, after receiving input from the individual departments, the Board prepares a proposed operating budget for the fiscal period commencing April 1 and lapses on March 31. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to April 1, the budget is legally enacted through a resolution passed by the Township Board.
- d. Budgetary control is exercised at the departmental level of the General Fund. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Trustees. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. The Township does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year-end.

Budgeted amounts are as originally adopted or amended by the Board of Trustees during the year. Individual amendments were not material in relation to the original appropriations, which were amended. The modified accrual basis of accounting is used for budgetary purposes.

The General Fund budget was adopted on the basis of activities or programs financed by the General Fund.

Michigan Public Act 621 of 1978 (the Budgeting Act) requires that budgets be adopted for Governmental Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted. The original budget adopted for the General fund was modified throughout the year through various budget amendments.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the Township's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Cash and Equivalents	\$ 329,063	\$ 1
Total	<u>\$ 329,063</u>	<u>\$ 1</u>

Investment and Deposit Risk

Interest rate risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments.

Credit risk. The Township has no investments for which ratings are required.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, \$273,706 of the Township's bank balance of \$373,706 was exposed to credit risk because it was uninsured and uncollateralized.

Statutory Authority:

Michigan Law (Public Act 20 of 1943 as amended) authorizes the Township to deposit and invest in one or more of the following:

- a. Bond, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in a.
- e. Banker's acceptance of United States banks.
- f. Obligations of this State or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- h. Obligations described in a. through g. if purchased through an interlocal agreement under the urban cooperations act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

The Township's deposits are in accordance with statutory authority.

NOTE 4 - RECEIVABLES

Receivables as of year end for the government's individual major funds are as follows:

	<u>General Fund</u>
Receivables:	
Governmental	<u>\$ 7,483</u>

NOTE 5 - CAPITAL ASSETS

A summary of capital assets are as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balances</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 31,000	\$ -	\$ -	\$ 31,000
Subtotal	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>31,000</u>
<i>Capital Assets being depreciated:</i>				
Land improvements	-	11,660	-	11,660
Buildings and Improvements	263,431	14,675	-	278,106
Furniture, Fixtures, and Equipment	<u>272,476</u>	<u>2,434</u>	<u>-</u>	<u>274,910</u>
Subtotal	535,907	28,769	-	564,676
Accumulated Depreciation:	<u>(504,214)</u>	<u>(4,374)</u>	<u>-</u>	<u>(508,588)</u>
Net Capital Assets being depreciated	<u>31,693</u>	<u>24,395</u>	<u>-</u>	<u>56,088</u>
Total Net Capital Assets	<u>\$ 62,693</u>	<u>\$ 24,395</u>	<u>\$ -</u>	<u>\$ 87,088</u>

Depreciation was not allocated by function during 2008, but \$4,374 was charged to depreciation expense.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

The Township reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and fiduciary funds. Interfund transactions resulting in interfund Receivables and Payable are as follows:

DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS	
		General Fund
Agency Fund	\$	1
Total	\$	1

NOTE 7 - CONTINGENCIES

Risk Management – The Township of Raber is exposed to various risks of loss related to property loss, torts, errors, and omissions, employee injuries, as well as workmen’s compensation benefits provided to employees. The Township participates in the Michigan Township Participating Plan for general liability, property loss, automobile, professional, public official errors and omissions liabilities. In addition, the Township has purchased commercial insurance for workmen’s compensation benefits.

Settled claims for the insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverages obtained through insurance during the past year.

NOTE 8 - COMMITMENTS

The Township has executed a contract with the Chippewa County Road Commission for improvements to the road systems of the Township. These commitments amount to approximately \$30,000 and it is anticipated these amounts will be appropriated from current funds available in that fund.

Required Supplementary Information

Raber Township, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended March 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 64,948	\$ 64,948	\$ 77,525	\$ 12,577
State Sources	40,000	40,000	46,379	6,379
Charges for Services	6,400	6,400	7,630	1,230
Interest	1,000	1,000	3,535	2,535
Other Revenue	4,887	5,387	4,626	(761)
TOTAL REVENUES	117,235	117,735	139,695	21,960
EXPENDITURES:				
General Government:				
Supervisor	8,844	8,744	7,385	1,359
Treasurer	15,500	15,050	10,804	4,246
Clerk	9,400	8,750	7,641	1,109
Assessor	16,632	16,338	14,605	1,733
Boards	12,450	12,440	4,646	7,794
Township Hall	79,450	54,600	51,694	2,906
Elections	4,200	4,700	2,665	2,035
Insurance	7,500	7,900	7,046	854
Other	6,400	4,500	3,700	800
Total General Government	160,376	133,022	110,186	22,836
Capital Outlay	8,500	21,810	22,319	(509)
TOTAL EXPENDITURES	168,876	154,832	132,505	22,327
Excess of Revenues over (under) Expenditures	\$ (51,641)	\$ (37,097)	7,190	\$ 44,287
FUND BALANCE, April 1			171,353	
FUND BALANCE, March 31			\$ 178,543	

Raber Township, Michigan

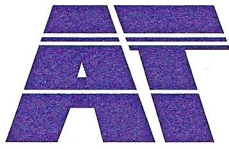
Required Supplementary Information Budgetary Comparison Schedule Road Fund For the Year Ended March 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 58,000	\$ 58,000	\$ 63,801	\$ 5,801
Other	2,200	2,200	3,605	1,405
 TOTAL REVENUES	 60,200	 60,200	 67,406	 7,206
EXPENDITURES:				
Public Works	55,000	55,500	30,000	25,500
 TOTAL EXPENDITURES	 55,000	 55,500	 30,000	 25,500
 Excess of Revenues over (under) Expenditures	 <u>\$ 5,200</u>	 <u>\$ 4,700</u>	 37,406	 <u>\$ 32,706</u>
 FUND BALANCE, April 1			 <u>26,416</u>	
 FUND BALANCE, March 31			 <u>\$ 63,822</u>	

Raber Township, Michigan

Required Supplementary Information Budgetary Comparison Schedule Fire Fund For the Year Ended March 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 26,300	\$ 26,300	\$ 30,892	\$ 4,592
Interest	1,000	1,000	7,929	6,929
 TOTAL REVENUES	 27,300	 27,300	 38,821	 11,521
EXPENDITURES:				
Public Safety	25,650	25,875	16,112	9,763
Capital Outlay	10,000	6,450	6,450	-
 TOTAL EXPENDITURES	 35,650	 32,325	 22,562	 9,763
 Excess of Revenues over (under) Expenditures	 <u><u>\$ (8,350)</u></u>	 <u><u>\$ (5,025)</u></u>	 16,259	 <u><u>\$ 21,284</u></u>
 FUND BALANCE, April 1			 <u>75,000</u>	
 FUND BALANCE, March 31			 <u><u>\$ 91,259</u></u>	



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

PHILLIP J. WOLF, CPA, PRINCIPAL
SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMAN, CPA, PRINCIPAL

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Trustees
Raber Township, Michigan
Goetzville, Michigan 49736

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Raber Township for the year ended March 31, 2008, and have issued our report thereon dated July 22, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 26, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 25, 2008.

Significant Accounting Policies

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Raber Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the depreciation expense based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determine that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 22, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us as to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Comments and Recommendations

Policies (Prior Year)

During several discussions with the Township Treasurer, we determined the Township does not have written policies for accounting procedures and a Township disaster recovery plan. It is recommended the Township prepare and adopt written policies for accounting procedures and a disaster recovery plan.

Conflict of Interest/Competitive Bids (Prior Year)

The Township has no conflict of interest policy or a competitive bid policy in place. These policies ensure related parties abstain from voting on related issues and allow for competitive pricing on contracts the Township enters into.

Payroll Reporting and Remitting (Prior Year)

The quarterly payroll reports were not properly completed and the incorrect amounts were also remitted to the Internal Revenue Service. Care should be taken to properly file these reports.

Vendor Invoices

Although the Board is approving vendor invoices and they are noted in the minutes of the meeting, several invoices were filed without any notation as to the date paid, amount paid, nor the check number. Proper documentation of the invoice should accompany each invoice for greater control and a strengthened audit trail of the disbursement. We would recommend that the stub from the vendor check be attached to the invoice to accomplish this.

Fraud Policy

With the implementation of Statement on Auditing Standards No. 99, auditors are required to assess policies and procedures regarding fraud risks within a governmental entity. The Board does not have a "fraud policy" which would address fraud or suspected fraud and related board actions. We recommend the Board adopt a fraud policy in compliance with SAS No. 99.

Personnel Files

Upon a review of employee personnel files, we noted several employees with either missing or incomplete I-9's, W-4's and Michigan New Hire forms. Care must be taken to have these forms filled out completely prior to commencing employment with a new employee.

Personal Property Taxes

Currently, the Township is not recording the amount of outstanding delinquent personal property taxes that are due to the Township in the general ledger. It is recommended the Township record the amount of outstanding delinquent personal property taxes in the general ledger of each fund that has a tax levy. The Township should maintain subsidiary ledgers which show the amount of delinquent personal property taxes owed by each taxing unit by individual tax year.

Conclusion

We would like to express our appreciation, as well as that of our staff, for the excellent cooperation we received while performing the audit. If we can be of assistance in implementing the above recommendations, please contact us.

This information is intended solely for the use of the Board of Trustees and management of Raber Township, Michigan and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

July 22, 2008